

## Report Claims Immediately by Calling\* 1-800-238-6225

Speak directly with a claim professional 24 hours a day, 365 days a year

\*Unless Your Policy Requires Written Notice or Reporting

## **COMMERCIAL INSURANCE**

A Custom Insurance Policy Prepared for:

HB CONSTRUCTION INC. 5301 BEVERLY HILLS NE ALBUQUERQUE NM 87113

Exhibit A

Presented by: HUBINTLINS SERVICES



## One Tower Square, Hartford, Connecticut 06183

TRAVELERS CORP. TEL: 1-800-328-2189 COMMERCIAL INLAND MARINE COMMON POLICY DECLARATIONS ISSUE DATE: 11/18/16 POLICY NUMBER: QT-660-3E977885-TIL-16

INSURING COMPANY: TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

- 1. NAMED INSURED AND MAILING ADDRESS: HB CONSTRUCTION INC. 5301 BEVERLY HILLS NE ALBUQUERQUE, NM 87113
- 2. POLICY PERIOD: From 11/18/16 to 02/28/17 12:01 A.M. Standard Time at your mailing address.
- 3. LOCATIONS Premises Bldg. Loc. No. No. Occupancy

Address

SEE IL TO 03

- 4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
  COMMRRCIAL INLAND MARINE COV PART DECLARATIONS CM TO 01 07 86 TIL
- 5. NUMBERS OF FORMS AND ENDORSEMENTS FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93
- 6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions: Policy Policy No. Insuring Company

DIRECT BILL 7. PREMIUM SUMMARY: Provisional Premium \$ 6,325 Due at Inception
Due at Bach

NAME AND ADDRESS OF AGENT OR BROKER: HUB INTL INS SERVICES (89075) PO BOX 90756 ALBUQUERQUE, NM 871990756

COUN	TERS	IGNED	BY:
------	------	-------	-----

Authorized Representative DATE:

I	L	T	0	0	2	1	1	8	9	(rev.	09-07)	
^	1313	-	~	_	-	7.7		72	_			

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OFFICE: DENVER



POLICY NUMBER: QT-660-3E977885-TIL-16

EFFECTIVE DATE: 11-18-16

ISSUE DATE: 11-18-16

## LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCREDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

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IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
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## INLAND MARINE

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## INTERLINE ENDORSEMENTS

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ΙL	02	98	05	15	NEW MEXICO CHGS-CANCELLATION & NONRENEW
IL	T3	55	05	13	EXCLUSION OF CERTAIN COMPUTER LOSSES

IL T8 01 10 93 PAGE: 1 OF 1

## **COMMON POLICY CONDITIONS**

All Coverage Parts included in this policy are subject to the following conditions:

#### A. Cancellation

- The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - a) 30 days before the effective date of cancellation if we cancel for any other reason.
- We will mail or deliver our notice to the first Named insured's last mailing address known to us.
- 4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
- 5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- If notice is mailed, proof of mailing will be sufficient proof of notice.

#### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

## C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time

during the policy period and up to three years afterward.

## D. Inspections And Surveys

- 1. We have the right to:
  - a. Make inspections and surveys at any time:
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
- 2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
- Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
- Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

- The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - Will be the payee for any return premiums we pay.
- We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at

the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

## F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named in-

If you die, your rights and duties will be transferred to your legal representative but only while

acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

## G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)

Wendy C. Say

Buan Than Cean

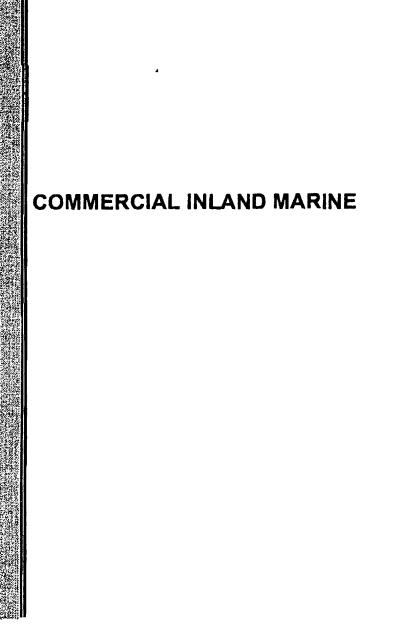
## LOCATION SCHEDULE

POLICY NUMBER: QT-660-3E977885-TIL-16

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 11-18-16 to 02-28-17.

Loc. No.	Bidg. No.	Address	Occupancy
1	1	3600 CENTRAL BLVD SE ALBUQUERQUE, NM 87113	SEE THE BUILDERS' RISK DECLARATIONS

IL TO 03 04 96 Page 1 (END)





One Tower Square, Hartford, Connecticut 06183

**COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS**  POLICY NUMBER: QT-660-3E977885-TIL-16

**ISSUE DATE: 11-18-16** 

**INSURING COMPANY:** 

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

to 02-28-17 12:01A.M. Standard Time at your mailing **DECLARATIONS PERIOD:** From 11-18-16 address shown in the Common Policy Declarations.

The Commercial Inland Marine Coverage Part consists of these Declarations, the Commercial Inland Marine Conditions Form and the Coverage Forms shown below.

## CONSTRUCTION PAK - BUILDERS' RISK COVERAGE FORM

8,096,669

## PROJECT 1 DECLARATIONS

- I. COVERAGE AND LIMITS OF INSURANCE
  - A. Covered Property and Job Site Limits of Insurance:

Estimated Total Project Value: \$

1. Description:

2. Job Site Location:

Construction of Frame/ NC 3 story condomiumum units

		3600 C	ENTRAL BLVD	SE, ALBUQUERQ	UE, NM 87113		
			•	Insurance are the race is shown in 4.		at the job site shown abore in this policy:	ove unless a more
		Covered	Property Limit	of Insurance:	\$ 8,096	,669	
		Special	Time Element l	_imit of Insurance:	NOT COVERED		
		4. The folio	wing coverage	options apply only	when indicated l	oy an 'X':	
					Occurrence Limit	Annual Agg Limit	regate
		☐ Earth	Movement	☐ Earthquake	\$	\$	
		☐ Flood	j		\$	\$	
			its of Insurance verage option.	shown above app	oly to all loss cov	ered under the endorse	ment for the appli-
H.	DE	DUCTIBLE					
				ered Property show elsewhere in this p		a more specific Deducti 5,000	ble for the covered
		The Deducti indicated by		w applies to all los	ss covered under	the endorsement for th	e coverage option
		☐ Earth	Movement	Earthquake:			
		□ 1					
		□ 2		subject to		minimum and	
			maximum				
CN	I TA 4	04 07 96	/B 20	12 The Travelem index	anitu Campany All ria	hts received	Page 1 of 2

CM TO 01 07 86 Order # CM B0 41 04 13

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	Flood:			
	<b>□</b> 1.			
	<b>□</b> 2.		subject to	minimum and
	maximum			
IH.	COINSURANCE			
	The following coinsurance applies	s when	indicated by an 'X':	
	🗓 100% 🔲 90% 🔲	80%	☐ No Coinsurance A	Applies
١٧.	REPORTS AND PREMIUM			
	The Premium Option shown below	w appli	ies when indicated by an '	X':
	Project Term Premium:	\$	6,325	
	Adjustable Premium	(see	Premium Adjustment in	Coverage Form)
	Annual Rate per \$100 of T	otal Pi	roject Value:	
	Estimated Project Term P	remiun	n: \$	

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.



One Tower Square, Hartford, Connecticut 06183

Limit of

## **CONSTRUCTION PAK - BUILDERS' RISK SUPPLEMENTAL DECLARATIONS**

POLICY NUMBER: QT-660-3E977885-TIL-16 **ISSUE DATE: 11-18-16** 

## I. COVERAGE AND LIMITS OF INSURANCE

A.	Limit of	Insurance	<b>Applying</b>	To (	Covered	<b>Property</b>	/ In:
----	----------	-----------	-----------------	------	---------	-----------------	-------

Transit:	\$	250,000
Temporary Storage:	Š	250.000

В.	Coverage Extensions	Insurance	
	Expediting Expense and Extra Expense:	\$	100,000
	Fire Protective Systems:	\$	100,000
	Landscaping:	\$	50,000
	Soft Costs:	\$	100,000
	Temporary Works Other Than Covered Property:	\$	50,000
	Valuable Papers and Records:	\$	100,000
C.	Additional Coverages		
	Additional Cost of Construction Materials and Labor:	\$	100,000
	Claim Data Expenses:	\$	50,000
	Construction Contract Penalty:	\$	50,000
	Debris Removal Increase:	\$	250,000
	Fire or Police Department Service Charges:	\$	50,000
	Fungus, Wet Rot And Dry Rot - Annual Aggregate:	\$	50,000
	Green Building Additional Expense:	\$	100,000
	Ordinance or Law:		
	Loss To The Undamaged Portion Of The Building or Structure:	LIMIT AT	IN APPLICABLE THE JOB SITE
	Demolition Cost and Increased Cost Of Construction - Combined:	\$	250,000
	Pollutant Clean Up and Removal – Annual Aggregate:	\$	100,000
	Preservation of Property:	INCLUDED LIMIT AT	IN APPLICABLE THE JOB SITE
	Protection of Property:	\$	100,000
	Reward Coverage:		
	25% of covered loss up to a maximum of:	\$	50,000

## II. PREMIUM

A.	Minimum Eamed Premium:	\$ 2,500
В.	Total Builders' Risk Premium:	\$ 6,325

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING.

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## **TABLE OF CONTENTS**

## **COMMERCIAL INLAND MARINE COVERAGE PART**

The following indicates the contents of the principal forms which may be attached to your policy.

It contains no reference to the Declarations or Endorsements which also may be attached.

Beginning on Page

## **COMMERCIAL INLAND MARINE CONDITIONS**

**Loss Conditions** 

A.	Abandonment	1
В.	Appraisal	1
C.	Duties In The Event Of Loss	1
D.	Insurance Under Two Or More Coverages	1
E.	Loss Payment	1
F.	Other Insurance	2
G.	Pair, Sets Or Parts	2
Н.	Recovered Property	2
1.	Reinstatement Of Limit After Loss	2
J.	Transfer Of Rights Of Recovery Against Others To Us	, <b>2</b>
Ge	eneral Conditions	
A.	Concealment, Misrepresentation Or Fraud	2
В.	Control Of Property	2
C.	Legal Action Against Us	2
D.	No Benefit To Bailee	3
E.	Policy Period, Coverage Territory	3
F.	Valuation	3
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A.	Coverage	
	Covered Property	
	2. Property Not Covered	Page
	3. Covered Causes Of Loss	•
	Additional Coverage – Collapse (If Applicable)	No.
	5. Coverage Extensions (If Any)	
		Varies
В.	Exclusions	-
C.	Limits of Insurance	Ву
D.	Deductible	,
E.	Additional Conditions	Form
F.	Definitions	

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## **COMMERCIAL INLAND MARINE CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

#### LOSS CONDITIONS

#### A. Abandonment

There can be no abandonment of any property to us.

#### B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- 1. Pay its chosen appraiser; and
- 2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### C. Duties in The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

- Notify the police if a law may have been broken.
- Give us prompt notice of the loss or damage. Include a description of the property involved.
- As soon as possible, give us a description of how, when and where the loss or damage occurred.
- 4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible,

- set the damaged property aside and in the best possible order for examination.
- You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
- As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
  - Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- 7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- Send us a signed, swom proof of loss containing the information we request to settle
  the claim. You must do this within 60 days after our request. We will supply you with the
  necessary forms.
- Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
- Cooperate with us in the investigation or settlement of the claim.

## D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### E. Loss Payment

- 1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- 2. We will not pay you more than your financial interest in the Covered Property.
- We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than

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their financial interest in the Covered Property.

- 4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- 5. We will pay for covered loss or damage within 30 days after we receive the swom proof of loss if you have complied with all the terms of this Coverage Part and:
  - We have reached agreement with you on the amount of the loss; or
  - b. An appraisal award has been made.
- We will not be liable for any part of a loss that has been paid or made good by others.

#### F. Other insurance

- You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

## G. Pair, Sets Or Parts

#### 1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- Pay the difference between the value of the pair or set before and after the loss or damage.

## 2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

## H. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

## J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- 1. Prior to a loss to your Covered Property.
- After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance; or
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you.

This will not restrict your insurance.

#### **GENERAL CONDITIONS**

## A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- 1. This Coverage Part;
- 2. The Covered Property;
- 3. Your interest in the Covered Property; or
- 4. A claim under this Coverage Part.

## **B.** Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

## C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- There has been full compliance with all the terms of this Coverage Part; and
- The action is brought within 2 years after you first have knowledge of the direct loss or damage.

#### D. No Benefit To Ballee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

## E. Policy Period, Coverage Territory

We cover loss or damage commencing:

- During the policy period shown in the Declarations; and
- 2. Within the coverage territory.

## F. Valuation

The value of property will be the least of the following amounts:

- 1. The actual cash value of that property;
- The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

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## CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

## A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

## 1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property you own or for which you are legally liable, the value of which is included in the estimated "total project value" shown in the Declarations:

## a. Permanent Works

Materials, equipment, machinery, supplies and property of a similar nature that will become a permanent part of the project described in the Declarations during completion of such project or that will be used or expended in the completion of such project.

Completion of the project includes site preparation (including demolition of existing buildings or structures), fabrication, assembly, installation, erection, alteration, renovation and similar construction activities.

## b. Temporary Works

Cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations.

We will cover such property:

- (1) At the job site described in the Declarations; and
- (2) While:
  - (a) In transit to the job site or to a temporary storage location, including loading and unloading from a transporting

- conveyance, but only if a Transit Limit of Insurance is shown in the Declarations: or
- (b) In temporary storage awaiting delivery to the job site but only if a Temporary Storage Limit of Insurance is shown in the Declarations.

## 2. Property and Costs Not Covered

Covered Property does not include:

- Contraband, or property in the course of illegal transit or trade.
- b. Buildings or structures that existed prior to the inception of this policy.
- c. Land and land values and the value of cut, fill and backfill materials that existed at the job site prior to the date construction commenced.

But this restriction does not apply to:

- (1) The value of cut, fill and backfill materials purchased for use in the completion of the project to the extent the value of such property is included in the estimated "total project value" shown in the Declarations.
- (2) Labor, material and equipment charges incurred to move, remove, place or otherwise handle cut, fill and backfill materials to the extent such costs are included in the estimated "total project value" shown in the Declarations.
- d. Water, whether in its natural state or otherwise, and whether above or below ground or the cost of reclaiming or restoring water.
- Trees, plants, shrubs and lawns, except to the extent coverage is provided under the Landscaping Coverage Extension.

f. Construction equipment not destined to become a permanent part of the project described in the Declarations, including tools, machinery, plant and any related accessories and spare parts for such property. But this restriction does not apply to Temporary Works.

#### 3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded in Section B – EXCLUSIONS.

## 4. Coverage Extensions

Each of the following Coverage Extensions applies unless *Not Covered* is indicated in the Declarations.

- a. Expediting Expense and Extra Expense
  - (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary:
    - (a) Expediting charges, including overtime, night work, work on public holidays, express and air freight, and the extra cost of rental construction equipment, you incur solely to expedite repair or replacement of the Covered Property sustaining such loss or damage.
    - (b) Extra Expenses you incur during the period of restoration or repair of the Covered Property sustaining such loss or damage that are over and above the total costs that would normally have been incurred during the same period of time had no loss or damage occurred. We will only pay for such extra expenses you incur for the purpose of continuing as nearly as practicable the scheduled progress of undamaged work.

Extra expense includes equipment rental, emergency expenses, additional security, demobilization and remobilization of equipment and facilities, and temporary use of property, all when necessarily incurred to reduce time delays in the contract schedule.

- (2) We will not pay under this Coverage Extension:
  - (a) For any expense until the amount of the adjusted direct physical loss or damage exceeds the deductible applicable to such loss or damage.
  - (b) For any expense incurred to overcome delays in the scheduled progress of the work:
    - (i) Which existed at the time of loss; or
    - (ii) Resulting from causes which are independent of or which would have occurred in the absence of a covered loss to Covered Property.
  - (c) Except as provided in the Green Building Additional Expense Additional Coverage, for any expense required to attain any level of "green" certification even if such certification existed prior to loss.
  - (d) For any loss of income or "soft costs".

The expiration date of this policy will not cut short the period of restoration or repair.

The Expediting Expense and Extra Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

## b. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

- (1) Recharge or refill your fire protective systems; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit of Insurance shown in the Declarations is the

most we will pay in any one occurrence under this Coverage Extension.

#### c. Landscaping

- (1) We will pay for direct physical loss or damage by a Covered Cause of Loss, other than a cause of loss listed in Paragraph (2) below, to trees, plants, shrubs and lawns, the value of which is included in the estimated "total project value" shown in the Declarations.
- (2) We will not pay for loss of or damage to trees, plants, shrubs and lawns caused by or resulting from lack of moisture, infestation, disease, insects, rodents, animals, freezing, weight of ice or snow or windstorm or hail.

The Landscaping Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

### d. Soft Costs

We will pay your "soft costs" during the "period of delay in completion". Such "soft costs" must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss which delays the completion of the applicable project described in the Declarations beyond the "planned completion date".

The Soft Costs Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

## e. Temporary Works Other Than Covered Property

If cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations are not otherwise Covered Property under this policy, we will pay for direct physical loss or damage by a Covered Cause of Loss to such property when:

## You own or are legally liable for such property; and

(2) Such property is at the job site described in the Declarations at the time of such loss or damage.

The Temporary Works Other Than Covered Property Limit of Insurance shown in the Declarations is the most we will pay in total for all such property in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

## f. Valuable Papers and Records

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the applicable project described in the Declarations.

The Valuable Papers and Records Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

## 5. Additional Coverages

Each of the following Additional Coverages applies unless *Not Covered* is indicated in the Declarations.

## a. Additional Cost of Construction Materials and Labor

We will pay for the following costs made necessary by a Covered Cause of Loss to Covered Property at the job site described in the Declarations:

- (1) Your increased cost of construction materials and labor; and
- (2) Your costs to make changes in construction specifications;

when such loss or damage results in a total loss to Covered Property.

The Additional Cost of Construction Materials and Labor Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

## b. Claim Data Expense

- (1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.
- (2) We will not pay for:
  - (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
  - (b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or
  - (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

## c. Construction Contract Penalty

If you agreed in writing prior to loss to pay penalties as a result of your failure to meet completion times within the terms of a written contract, we will pay such penalties you incur when the failure to meet the completion times is solely due to direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

The Construction Contract Penalty Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

#### d. Debris Removai

(1) We will pay for your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.

- (2) The most we will pay under this Additional Coverage is 25% of:
  - (a) The amount we pay for direct physical loss of or damage to Covered Property; plus
  - (b) The deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance shown in the Declarations.

- (3) When the debris removal expense exceeds the 25% limitation in Paragraph (2) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to the Debris Removal Increase Limit of Insurance shown in the Declarations.
- (4) We will not pay under this Additional Coverage for your expense to extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water.

## e. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or

(2) Required by local ordinance.

The Fire Or Police Department Service Charges Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

#### f. "Fungus", Wet Rot And Dry Rot

- (1) We will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, but only when the "fungus", wet rot or dry rot is the result of any of the "specified causes of loss", other than fire or lightning, that occurs during the policy period and only if all reasonable means were used to save and preserve the Covered Property from further damage at the time of and after the occurrence of any such cause of loss.
- (2) We will also pay for the following in connection with loss or damage covered in Paragraph (1) above:
  - (a) The cost of removal of the "fungus", wet rot or dry rot;
  - (b) The cost to tear out and replace any part of the building or structure or other property as needed to gain access to the "fungus", wet rot or dry rot; and
  - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged Covered Property is completed, provided there is a reason to believe that "fungus", wet rot or dry rot is present.
- (3) The Fungus, Wet Rot And Dry Rot Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage in each separate 12 month period of this policy beginning with the effective date shown in the Declarations. This is the most we will pay for the total of all loss or damage covered in Paragraphs (1) and (2) above regardless of the:
  - (a) Number of insureds, claims, job sites or locations:

- (b) Occurrences during each separate 12-month period of this policy; or
- (c) Types of coverages provided under this policy.

This limit applies even if the "fungus", wet rot or dry rot connected to any particular occurrence continues to be present or active, or recurs, in a later 12 month period of this policy.

(4) Any payment under this Additional Coverage is included within and will not increase the applicable Limit of insurance.

#### g. Green Building Additional Expense

- (1) If, as a result of direct physical loss or damage by a Covered Cause of Loss to a building or structure that is Covered Property, the budgeted level of "green" certification by a "Green Authority" on the building or structure is lost, we will pay for the following reasonable additional expenses you incur to attain the budgeted level of "green" certification from that "Green Authority":
  - (a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
    - (i) Designing, overseeing or documenting the repair or replacement of the lost or damaged building or structure; or
    - (ii) Testing and recalibrating the systems and mechanicals of the lost or damaged building or structure to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
  - (b) The reasonable registration and recertification fees charged by the "Green Authority".
- (2) This Additional Coverage applies to the additional expenses described above that you incur to achieve the budgeted level of "green" certification

in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

The Green Building Additional Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

#### h. Ordinance or Law

- (1) In the event of covered direct physical loss of or damage to a building or structure that is Covered Property, the following coverages apply, but only with respect to that lost or damaged building or structure:
  - (a) Coverage A Coverage For Loss To The Undamaged Portion Of The Building or Structure

We will pay under Coverage A for the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building or structure.

Any payment under Coverage A is included within and will not increase the Limit of Insurance applicable to the covered loss to the building or structure.

## (b) Coverage B - Demolition Cost Coverage

We will pay under Coverage B the cost to demolish the building or structure and clear the site of undamaged parts of the same building or structure, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

## (c) Coverage C - Increased Cost Of Construction Coverage

We will pay under Coverage C the increased cost to:

- (i) Repair or reconstruct damaged portions of that building or structure; or
- (ii) Reconstruct or remodel undamaged portions of that building or structure, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

This Coverage C applies only if the restored or remodeled property is intended for similar occupancy or use as the current property, unless such occupancy or use is not permitted by zoning or land use ordinance. This Coverage C does not apply if the building or structure is not repaired, reconstructed or remodeled.

- (2) The coverages described in Paragraph (1) above apply only if the provisions in Paragraphs (a) and (b) below are satisfied and are then subject to the qualifications set forth in Paragraph (c) below:
  - (a) The ordinance or law:
    - (i) Regulates the demolition, construction or repair of buildings or structures, or establishes zoning or land use requirements at the applicable job site described in the Declarations; and
    - (II) Is in force at the time of the loss.

But the coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this policy.

- (b) The building or structure either:
  - Sustains direct physical loss or damage that is covered under this policy and such damage results in enforce-

- ment of the ordinance or law; or
- (ii) Sustains both direct physical loss or damage that is covered under this policy and direct physical loss or damage that is not covered under this policy, and the building or structure damage in its entirety results in enforcement of the ordinance or law.

If the building or structure sustains direct physical loss or damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building or structure has also sustained covered direct physical loss or damage.

(c) In the situation described in Paragraph (2)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage. Instead, we will pay a proportion of such loss. The proportion of such loss that we will pay is the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage.

However, if covered direct physical loss or damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage.

- (3) We will not pay under this Additional Coverage for:
  - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot;

- (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or
- (c) Loss due to any ordinance or law
  - You were required to comply with before the loss, even if Covered Property was undamaged; and
  - (ii) You failed to comply with.
- (4) Exclusion B.1.e. Ordinance or Law does not apply to the insurance specifically provided under this Additional Coverage.
- (5) The applicable Limit of Insurance shown in the Declarations under the Ordinance or Law Additional Coverage is the most we will pay in any one occurrence under this Additional Coverage.

If a combined limit of insurance is shown in the Declarations for Coverage B and Coverage C of this Additional Coverage, such limit is the most we will pay for the sum of both coverages in any one occurrence.

## i. Pollutant Clean Up and Removal

- (1) We will pay your expense to extract "pollutants" from land or water at the job site described in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss", to Covered Property that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.
- (2) This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration

or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

(3) The Pollutant Clean Up and Removal Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage for each job site described in the Declarations for the sum of all such expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy beginning with the effective date shown in the Declarations.

## J. Preservation of Property

If it is necessary to temporarily move Covered Property from the job site described in the Declarations or a temporary storage location to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

- (1) The cost to remove the Covered Property from the job site or location, temporarily store the Covered Property at another location and move the Covered Property back to the original job site or location within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes; and
- (2) Any direct physical loss or damage to this property while it is being moved or while temporarily stored at another location if such loss or damage occurs within 180 days after the property is first moved.

Coverage will end when any of the following first occurs:

- (a) When the policy is endorsed to provide insurance at the new location;
- (b) The property is returned to the original location; or
- (c) This policy expires.

The Preservation of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and and will not

increase the applicable Limit of Insurance.

## k. Protection of Property

If Covered Property is in imminent danger of sustaining direct physical loss or damage from:

- (1) Fire;
- (2) Any storm system that has been declared and named a tropical storm or hurricane by the National Hurricane Center or the Central Pacific Hurricane Center of the National Weather Service, including any tomado or any other wind event that is caused by or results from the named storm; or
- (3) A flood that has been forecasted by the National Weather Service or the U.S. Army Corps of Engineers;

we will pay the necessary and reasonable expenses actually incurred by you to protect that property at the job site described in the Declarations from such loss or damage, but only if the applicable cause of loss is a Covered Cause of Loss.

You must keep a record of the expenses you incur.

The Protection of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

### I. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

- The successful return of undamaged stolen Covered Property to a law enforcement agency; or
- (2) The arrest and conviction of any person who have damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to the Reward Coverage Limit of Insurance shown in the Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.

No Deductible applies to this Additional Coverage.

This Additional Coverage does not apply in the state of New York.

#### **B. EXCLUSIONS**

 We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

#### a. Earth Movement

- Any of the following, all whether naturally occurring or due to man-made or other artificial causes;
  - (a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;
  - (b) Landslide, including earth sinking, rising or shifting related to such event;
  - (c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased:
  - (d) Earth sinking (other than "sinkhole collapse"), rising or shifting; or
  - (e) Volcanic eruption, explosion or effusion.
- (2) If Earth Movement as described in:
  - (a) Paragraphs (1)(a) through (1)(d) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or
  - (b) Paragraph (1)(e) above, results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (i) Airborne volcanic blast or airborne shock waves;
- (ii) Ash, dust or particulate matter; or
- (iii) Lava flow.

With respect to coverage for Volcanic Action as set forth in Paragraphs (i), (ii) and (iii) above, volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to property in transit.

### b. "Fungus", Wet Rot And Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

But if "fungus", wet rot or dry rot results in a "specified cause of loss", we will pay for loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

- (1) When "fungus", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the "Fungus", Wet Rot And Dry Rot Additional Coverage.

#### c. Governmental Action

Seizure or destruction of property by order of governmental authority, except as provided in the Ordinance or Law Additional Coverage.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

## d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire if the fire would be covered under this Coverage Form.

#### e. Ordinance or Law

- (1) The enforcement of any ordinance or law:
  - (a) Regulating the construction, use or repair of any property; or
  - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion applies whether the loss results from:
  - (a) An ordinance or law that is enforced even if the property has not been damaged; or
  - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

## f. War and Military Action

- (1) War, including undeclared or civil
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

## g. Water

- (1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:
  - (a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not:
  - (b) Mudslide or mudflow;
  - (c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this exclusion does not apply to the backup

or overflow of water or sewage from drains within a building or structure if the backup or overflow is not otherwise directly or indirectly caused by the Water Exclusions in Paragraphs (a) or (b) above or in Paragraphs (d) or (e) below.

- (d) Water under the ground surface pressing on, or flowing or seeping through:
  - (i) Foundations, walls, floors or paved surfaces;
  - (ii) Basements, whether paved or not; or
  - (iii) Doors, windows or other openings; or
- (e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs (a), (c) and (d) above or material carried or otherwise moved by mudslide or mudflow.
- (2) If Water, as described in Paragraphs (a) through (e) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.
- (3) This exclusion does not apply to property in transit.
- We will not pay for loss or damage caused by or resulting from any of the following:

## a. Consequential Loss

- (1) Delay, loss of use or loss of market;
- (2) Loss of income, soft costs or extra expenses except as specifically provided in this Coverage Part.

## b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

#### c. Missing Property

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

#### d. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the "specified causes of loss", we will pay for the loss or damage caused by such "specified causes of loss".

## e. Rain, Snow, Sleet Or Ice

Rain, snow, sleet or ice, whether driven by wind or not. This exclusion applies only to the following property:

- (1) Personal property left in the open;
- (2) The "interior of a building or structure", or to personal property in the building or structure unless:
  - (a) The building or structure first sustains damage by a Covered Cause of Loss to:
    - (i) Its completed exterior facing roof or walls; or
    - (ii) Any reasonable temporary materials or objects intended to protect such property from such loss;

through which the rain, snow, sleet or ice enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- We will not pay for loss or damage caused by or resulting from any of the following. But if

loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

a. Weather conditions. But this exclusion applies only if weather conditions contribute in any way with a cause or event excluded in Section B.1. above to produce the loss.

## b. Other Types of Losses

- (1) Rust or other corrosion.
- (2) Wear and tear, gradual deterioration.
- (3) Settling, cracking, shrinking or expanding of walls, floors, ceilings, foundations, pilings, patios, driveways or pavements.
- (4) Hidden or latent defect or any quality in property that causes it to damage or destroy itself.
- 4. We will not pay for loss or damage caused by or resulting from faulty, inadequate or defective:
  - a. Planning, zoning, development, surveying, siting;
  - Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;
  - Materials used in repair, construction, renovation, remodeling, grading or compaction; or
  - d. Maintenance;

of part or all of any property on or off the job site described in the Declarations.

If an excluded cause of loss listed in Paragraph 4.a. through 4.d. above, results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

- (1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or
- (2) Any resulting loss or damage to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

#### C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance for such Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

## D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

## E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS.

## 1. Additional Named Insured

The following persons or organizations are included as Additional Named Insureds when you have agreed in a written contract or written agreement, executed prior to loss, to name such persons or organizations as an Additional Named Insured, but only to the extent of their financial interest in the Covered Property:

- a. Owners of Covered Property;
- b. Mortgagees or loss payees;
- Contractors, sub contractors and sub-sub contractors; and
- d. Lessors or lessees.

#### 2. Coinsurance

If a Coinsurance Percentage is shown in the Declarations for the applicable project, the following condition applies:

a. We will not pay the full amount of any loss if the applicable "total project value" at the time of loss multiplied by the stated Coinsurance Percentage is greater than the applicable Covered Property Limit of Insurance.

Instead, we will determine the most we will pay using the following steps:

Step (1) Multiply the "total project value" at the time of loss by the Coinsurance Percentage.

Step (2) Divide the Covered Property Limit of Insurance by the figure determined in Step (1).

Step (3) Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in Step (2).

Step (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less.

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance does not apply to:
  - (1) Additional Coverages; or
  - (2) Coverage Extensions.

#### 3. Duties in the Event of Loss

The following duties are added to the Duties In The Event of Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

You must see that the following are done in the event of loss:

a. You must make every effort to meet the applicable "planned completion date".

This includes

- Resuming, as soon as possible, all or any part of the construction or repair;
- (2) Using temporary or substitute:
  - (a) Facilities, services, suppliers or customers; or

- (b) Machinery, equipment, supplies or materials.
- b. If any portion of Covered Property was in operation or use for its intended purpose at the time of loss, you must resume all or part of the operation or use as quickly as possible if you intend to continue your business.

This includes using:

- (1) Damaged or undamaged property at the job site described in the Declarations or elsewhere; or
- (2) Temporary or substitute:
  - (a) Facilities, services, suppliers or customers; or
  - (b) Machinery, equipment, supplies or materials.
- c. Notify us of any payment you receive from others due to a delay in the completion of construction beyond the "planned completion date".

If you do not resume the operation or use of Covered Property as quickly as possible or make every effort to meet the applicable "planned completion date", we will only pay the amount of loss we would have otherwise paid if you had complied with the above conditions.

## 4. Jurisdictional Inspections

At your option, we will provide certificate-ofoperation inspection services for boilers and other pressure vessels where:

- You have notified us of equipment that is insured under this Coverage Form and that requires a certificate-of-operation;
- The certificate-of-operation is required by state, city or provincial law; and
- The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

#### 5. Knowledge of Occurrence

 You must give written notice of any occurrence of loss to us or any of our authorized agents as soon as practicable after knowledge of the loss or damage is received by you, one of your executive offi-

- cers who handles insurance matters or a risk manager of any named insured.
- b. Knowledge of an incident by your agent, servant or employee, which could give rise to a claim, will not in itself constitute knowledge by you unless you, one of your executive officers who handles insurance matters or a risk manager of any named insured have received such notice from your agent, servant or employee.
- c. Your rights under this insurance will not be prejudiced if there is a failure to give notice of an occurrence of loss or damage due solely to your reasonable belief that the loss or damage is not covered under this insurance.

#### 6. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

## 7. Loss Payment

The Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Loss Payment

- In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to Paragraphs b. and c. below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraphs b., c. and d. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

 Except as provided in the Ordinance or Law Additional Coverage, the cost to re-

pair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

#### c. Ordinance Or Law

The following loss payment provisions apply to coverage under the Ordinance Or Law Additional Coverage and are subject to the apportionment procedures set forth in such Additional Coverage:

- (1) For a loss in value of an undamaged portion of Covered Property to which Coverage A – Coverage For Loss To The Undamaged Portion Of The Building or Structure applies, the loss payment for that building or structure, including damaged and undamaged portions, will be determined as follows:
  - (a) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another job site, we will not pay more than the lesser of:
    - (i) The cost to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore that building or structure on the same location and to the same height, floor area, style, capacity and comparable quality of the original property insured; or
    - (ii) The Limit of Insurance shown in the Declarations as applicable to the covered building or structure.
  - (b) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the lesser of:
    - (i) The Actual Cash Value of the building or structure at the time of loss; or
    - (ii) The Limit of Insurance shown in the Declarations as appli-

cable to the covered building or structure.

(2) Loss payment under Coverage B — Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- (a) The amount you actually spend to demolish and clear the site; or
- (b) The applicable Demolition Cost Coverage Limit of Insurance shown in the Declarations.
- (3) Loss payment under Coverage C Increased Cost Of Construction Coverage will be determined as follows:
  - (a) We will not pay under Coverage C – Increased Cost Of Construction Coverage:
    - (i) Until the property is actually repaired or replaced, at the same or another job site; and
    - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (b) If the Covered Building or Structure is repaired or replaced at the same job site, or if you elect to rebuild at another location, the most we will pay under Coverage C Increased Cost Of Construction Coverage is the lesser of:
    - The increased cost of construction at the same job site;
       or
    - (ii) The applicable Increased Cost of Construction Coverage Limit of Insurance shown in the Declarations.
  - (c) If the ordinance or law requires relocation to another location, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:
    - (i) The increased cost of construction at the new location;
       or

- (ii) The applicable Increased Cost of Construction Coverage Limit of Insurance shown in the Declarations.
- d. Except as specifically provided in the Green Building Additional Expense, the cost to repair, rebuild or replace does not include any expenses you incur to attain any level of "green" certification.
- e. Soft Costs Loss Determination

The following loss payment provisions apply to "soft costs" coverage:

The actual amount of "soft costs" will be determined based on your budgeted costs for the applicable project described in the Declarations had loss of or damage to Covered Property from any of the Covered Causes of Loss not occurred.

The amount of the "soft costs" loss will also be determined based on other relevant sources of information, including:

- Your financial records and accounting procedures;
- (2) Bills, invoices and other vouchers;
- (3) Deeds, liens or contracts; and
- (4) Any amounts by which the amount of loss is reduced due to your failure to perform the duties in the event of loss outlined in this policy.
- f. With respect to our options under Paragraphs a.(1) through a.(4) above, we will give notice of our intentions within 30 days after we receive the swom proof of loss.
- g. We will not pay you more than your financial interest in the Covered Property.
- h. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- We may elect to defend you against suits arising from claims of owners of property.
   We will do this at our expense.
- j. We will pay for covered loss within 30 days after we receive the swom proof of loss, if you have complied with all of the terms of this Coverage Part and:

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.
- k. We will not be liable for any part of the loss or damage that has been paid or made good by others.
- f. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial swom proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

#### 8. Minimum Earned Premium

If a Minimum Eamed Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual eamed premium for this coverage is less than the Minimum Eamed Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

## 9. Other Insurance

The Other Insurance LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

## a. Other Insurance

Except as stated in the Contributing Insurance and Excess Insurance in Paragraphs b. and c. below, if there is other insurance covering the same loss or damage as this Coverage Part we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

## b. Contributing Insurance

You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

## c. Excess insurance

You may have excess insurance over the Limit(s) of Insurance set forth in this Coverage Part without prejudice to this Coverage Part. The existence of such insurance will not reduce our liability under this Coverage Part.

## 10. Policy Period

We cover loss or damage commencing with the inception date of the policy period shown in the Declarations and ending when any one of the following first occurs:

- a. This policy expires or is cancelled:
- Final acceptance of the applicable project described in the Declarations by the owner:
- c. Your interest in the applicable project described in the Declarations ceases:
- Insurance other than Builders' Risk is obtained on the building or structure; or
- You abandon the property with no intention to complete it.

## 11. Premium Adjustment

#### a. Estimated Premium

If an Estimated Project Term Premium is shown in the Declarations for the applicable project, that premium was developed using the applicable estimated "total project value" shown in the Declarations and is subject to adjustment as outlined in this Additional Coverage Condition.

## b. Reporting

(1) Within 30 days after final completion of the applicable project described in the Declarations, you must report, to us in writing, the Final Premium Base and other information outlined below.

The Final Premium Base is the "total project value" at the date of final completion.

You must also report the date construction was completed and coverage under this policy ended.

## (2) Cancellation or Nonrenewal

If coverage under this policy was cancelled or nonrenewed, you must report, to us in writing, the Final Premium Base of each project described in the Declarations.

The Final Premium Base is the "total project value" as of the date of cancellation or nonrenewal.

## c. Final Premium

Your Final Premium for the applicable project described in the Declarations is computed using the following steps:

Step 1: Multiply the applicable Annual Rate shown in the Declarations by the Final Premium Base = Actual Annual Premium.

Step 2: Adjust the Actual Annual Premium for the actual length of time coverage was provided under this policy for that project = Actual Term Premium.

Step 3: If the Actual Term Premium is greater than the applicable Estimated Premium, subtract the applicable Estimated Premium from the Actual Term Premium. This is the additional premium due. All additional premium is due and payable as of the date of the Premium Adjustment.

Step 4: If the Actual Term Premium is greater than the Minimum Earned Premium shown in the Declarations, but less than the applicable Estimated Premium, subtract the Actual Term Premium from the applicable Estimated Premium. We will refund this amount to you.

Step 5: If the Actual Term Premium is less than the Minimum Eamed Premium shown in the Declarations and less than the applicable Estimated Premium, subtract the Minimum Eamed Premium from the applicable Estimated Premium. We will refund this amount to you.

#### d. Records

You must keep accurate records of transactions used to develop the Premium Base required for Premium Adjustment.

#### 12. Reinstatement of Limit After Loss

The Reinstatement of Limit After Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

#### Reinstatement of Limit After Loss

With the exception of any applicable annual aggregate Limit of Insurance, the Limit of Insurance will not be reduced by the payment of any claim.

## 13. Transfer Of Rights Of Recovery Against Others To Us

The Transfer Of Rights Of Recovery Against Others To Us LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss or damage to impair them.

- a. In accordance with any provision set forth in the applicable signed construction contract, prior to loss or damage any Named Insured may waive their rights to recover damages against any individual, corporation, or entity:
  - (1) With a financial interest in Covered Property; or
  - (2) That is a contractor or subcontractor performing work at the job site described in the Declarations.

But this waiver to recover damages does not apply to:

- (a) Any architect, engineer or other party or entity responsible for any design, specifications or plans for the fabrication, erection or completion of Covered Property with respect to loss or damage that may be caused by fault, defect, error or omission in such design, specifications or plans; or
- (b) Any contractor, manufacturer or supplier of machinery, equipment or other insured property that has agreed to make good loss or damage under a guaranty or warranty.
- b. You may also waive your rights against another party in writing after a loss under this Coverage Part only if, at time of loss, that party is one of the following:
  - (1) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (2) Your tenant.

This will not restrict your insurance.

## 14. Unintentional Errors In Description

Your error in how you describe the address of the job site shown in the Declarations shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

## 15. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

#### Valuation

In the event of loss or damage, the value of Covered Property at the time of loss or damage will be determined as follows:

- a. At replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation GENERAL CONDITION. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.
  - (1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
  - (2) We will not pay on a replacement cost basis for any loss or damage:
    - (a) Until the lost or damaged property is actually repaired or replaced; and
    - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

Instead, we will pay on an actual cash value basis. This restriction does not apply to losses less than \$50,000.

 Property of others at the amount for which you are liable, not to exceed the replacement cost.

- We will not pay more for loss or damage on a replacement cost basis than the least of the following subject to Paragraph d. below
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace, at the same job site, the lost or damaged property with other property;
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
  - (4) The cost to replace Covered Property includes:
    - (a) Labor and delivery charges; and
    - (b) General and specific overhead and profit:
      - Only as related directly to the repair or replacement of the Covered Property sustaining covered loss or damage; and
      - (II) At the same percentages as included, immediately prior to the covered loss or damage, in the "total project value" for the applicable project shown in the Declarations.

If a building or structure is rebuilt at a different location, the cost described in Paragraph (2) above is limited to the cost which would have been incurred had the building or structure been built at the original job site described in the Declarations.

d. The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage – Ordinance or Law.

## 16. Where Coverage Applies

We cover property that is in:

The United States of America (including its territories and possessions);

- b. Puerto Rico; or
- c. Canada.

But we do not cover property in transit to or from Hawaii, Puerto Rico or any United States of America territory or possession.

#### F. DEFINITIONS

- "Contents" means business personal property and home furnishings.
- "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- "Green Authority" means a recognized authority on "green" buildings or structures or "green" products, materials or processes.
- "Interior of a building or structure" means any portion of a building or structure that, at completion of construction, will be within the exterior facing building material of that building or structure.
- "Period of delay in completion" means the period of time that:
  - a. Begins with the "planned completion date" or after any applicable Soft Costs Waiting Period shown in the Declarations from the "planned completion date", whichever is later; and
  - Ends on the date when Covered Property should be completed using reasonable speed and similar quality.

"Period of delay in completion" does not include any increased period required to attain any level of "green" certification.

The expiration date of this policy will not cut short the "period of delay in completion".

"Planned completion date" means the date
the applicable project described in the Declarations would be put into operation or use for
its intended purpose in the normal course of
construction if loss of or damage to Covered
Property from any of the Covered Causes of
Loss had not occurred.

- 8. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
- 9. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.
- 10. "Soft costs" means your actual and necessary business costs in excess of your budgeted amount for the project consisting only of:
  - a. Advertising and promotional expenses.
  - Architect, engineer, designer and consultant fees.
  - Costs resulting from the renegotiation of your sales contract, leases or construction loans.
  - d. General overhead and administrative expenses, other than legal, accounting and professional fees.
  - e. Insurance premiums.
  - Interest on money borrowed to finance construction.
  - g. Legal and accounting fees and other costs to renegotiate and prepare revised contracts and other documents.
    - These expenses cannot be used for preparation of claims or to establish liability for loss.
  - h. Permit and Inspection Fees.
  - i. Realty taxes and realty assessments.
- 11. "Specified causes of loss" means fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Part.

Falling objects does not include loss or damage to:

- a. Personal property in the open; or
- b. The "interior of a building or structure" or personal property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- 12. "Total project value" means the sum of all costs to complete the applicable project described in the Declarations including labor, construction management fees, delivery charges, administrative expenses, overhead, and reasonable profit.
- 13. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
  - a. Airborne volcanic blast or airborne shock waves:
  - b. Ash, dust or particulate matter; or
  - c. Lava flow.

"Volcanic action" does not mean the cost to remove ash, dust or particles that do not cause direct physical loss or damage.

All volcanic eruptions that occur within any 168 – hour period will constitute a single occurrence.

## 14. "Water damage" means:

- a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the applicable job site described in the Declarations and contains water or steam; and
- b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the applicable job site described in the Declarations, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B.3.b. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion B.1.g.

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

# FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA), "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer's "Insurer Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:

85% with respect to such Insured Losses occurring in calendar year 2015.

84% with respect to such Insured Losses occurring in calendar year 2016.

83% with respect to such Insured Losses occurring in calendar year 2017.

82% with respect to such Insured Losses occurring in calendar year 2018.

81% with respect to such Insured Losses occurring in calendar year 2019.

80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

1% of your total Commercial Inland Marine Coverage Part premium.

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **NEW MEXICO CHANGES – INTENTIONAL ACTS**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A. The following exclusion is added:
  - We will not pay for loss or damage arising out of any act committed;
    - a. By or at the direction of any insured; and
    - b. With the intent to cause a loss.
  - However, this exclusion will not apply to deny coverage to an innocent co-insured victim of domestic abuse who did not cooperate in or contribute to the creation of the loss, provided that the loss is otherwise covered under this Coverage Part and is proximately related to and in furtherance of domestic abuse.
  - If we pay a claim pursuant to Paragraph A.2.
     of this endorsement, our payment to the insured is limited to the extent of that person's interest in the property. In no event will we pay more than the Limit of Insurance.

- B. The Transfer Of Your Rights Of Recovery Against Others To Us Loss Condition in the Commercial Inland Marine Conditions is amended by the addition of the following:
  - If we pay an innocent co-insured victim of domestic abuse for loss arising out of an act of domestic abuse by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic abuse are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic abuse.
- C. In this endorsement, domestic abuse means attempting to cause or intentionally, knowingly or recklessly causing damage to property for the purpose of intimidating or attempting to control the behavior of another person, including a minor.

INTERLINE ENDORSEMENTS

# INTERLINE ENDORSEMENTS

# AMENDMENT OF COMMON POLICY CONDITIONS -PROHIBITED COVERAGE - UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

#### Prohibited Coverage - Unlicensed Insurance

- With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
- 2. We do not assume responsibility for:
  - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

## Prohibited Coverage - Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

- Any trade or economic sanction under any law or regulation of the United States of America; or
- Any other applicable trade or economic sanction, prohibition or restriction.

### CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART** 

COMMERCIAL EXCESS LIABILITY (UMBRELLA) INSURANCE

COMMERCIAL GENERAL LIABILITY COVERAGE PART

COMMERCIAL INLAND MARINE COVERAGE PART

COMMERCIAL PROPERTY COVERAGE PART

CYBERFIRST ESSENTIALS LIABILITY COVERAGE PART

CYBERFIRST LIABILITY COVERAGE

**DELUXE PROPERTY COVERAGE PART** 

EMPLOYEE BENEFITS LIABILITY COVERAGE PART

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART

EMPLOYMENT PRACTICES LIABILITY\* WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT COVERAGE PART

**ENVIRONMENTAL HAZARD POLICY** 

**EQUIPMENT BREAKDOWN COVERAGE PART** 

EXCESS (FOLLOWING FORM) LIABILITY INSURANCE

LAW ENFORCEMENT LIABILITY COVERAGE PART

LIMITED ABOVE GROUND POLLUTION LIABILITY COVERAGE PART

LIQUOR LIABILITY COVERAGE PART

MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND

INFORMATION SECURITY LIABILITY COVERAGE FORM

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART

RAILROAD PROTECTIVE LIABILITY COVERAGE PART

SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY – NEW YORK DEPARTMENT OF TRANSPORTATION

TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART

Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

- The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
- 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART COMMERCIAL INLAND MARINE COVERAGE PART FARM COVERAGE PART

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense, rental value or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other mi-
- croorganism that induces or is capable of inducing physical distress, illness or disease.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

# NEW MEXICO CHANGES – PROPERTY CLAIMS SETTLEMENT IN THE EVENT OF A CATASTROPHE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART COMMERCIAL INLAND MARINE COVERAGE PART COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE PART FARM COVERAGE PART

- A. The provisions of this endorsement apply to a claim for direct physical loss or damage to Covered Property, provided that:
  - The claim is for loss or damage that results from a catastrophe declared by the Superintendent of Insurance; and
  - The catastrophic event is a Covered Cause of Loss.
- B. The word loss, as used in this endorsement, includes "loss" as defined in certain coverage forms.
- C. The following provisions, C.1. and C.2., are added to the policy and supersede any provisions to the contrary:
  - 1. If you reported your claim to us:
    - Before the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date the catastrophe was declared;
    - b. After the catastrophe was declared, we will reach agreement with you on the

- amount of loss within 90 days after the date on which you reported the claim.
- However, the time periods specified in C.1. above will be extended by the period of time taken to resolve the following situations:
  - a. We suspect the claim is fraudulent and commence an investigation to make such a determination;
  - You do not provide the necessary information regarding the nature of the claim, following our request for such information; or
  - c. You filed suit against us in connection with the claim before expiration of the applicable 90-day period.
- D. All other provisions of this policy continue to apply in the event of a catastrophe, including the Suit Against Us and Appraisal conditions.
- E. This endorsement does not invalidate our right to deny your claim, nor the right of either party to seek judgment in a court having jurisdiction.

## NEW MEXICO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:
  - 2. Permissible Reasons And Notice Period
    - a. If this Policy has been in effect less than 60 days and is not a renewal of a policy we issued, we may cancel for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation, provided that the cancellation becomes effective before the Policy has been in effect for 60 days.
    - If Paragraph a. does not apply, we may cancel only for one or more of the following reasons:
      - (1) Nonpayment of premium.
      - (2) There has been a substantial change in the risk assumed by us since the Policy was issued.
      - (3) The Policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by us.
      - (4) Willful and negligent acts or omission by the insured have substantially increased the hazards insured against.

- (5) You presented a claim based on fraud or material misrepresentation.
- c. If we cancel subject to 2.b. above, we will mail or deliver to the first Named Insured written notice of cancellation at least:
  - (1) 10 days before the effective date of cancellation, for the reason set forth in 2.b.(1).
  - (2) 30 days before the effective date of cancellation, for the reason set forth in 2.b.(2).
  - (3) 15 days before the effective date of cancellation, for a reason set forth in 2.b.(3), 2.b.(4) or 2.b.(5).

The written notice will state the reason for cancellation, except that such statement may be omitted from a notice mailed to an additional insured or lienholder under this Policy.

B. The following condition is added and supersedes any provision to the contrary:

#### Nonrenewal

If we decide not to renew this Policy, we will mail to the first Named Insured written notice of the nonrenewal not less than 30 days before the expiration date of the Policy.

Proof of mailing will be sufficient proof of notice.

# EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES DUE TO DATES OR TIMES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART COMMERCIAL CRIME COVERAGE PART COMMERCIAL INLAND MARINE COVERAGE PART COMMERCIAL PROPERTY COVERAGE PART

- A. We will not pay for loss ("loss") or damage caused directly or indirectly by any of the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
  - 1. The failure, malfunction or inadequacy of:
    - a. Any of the following, whether belonging to any insured or to others:
      - Computer hardware, including microprocessors;
      - (2) Computer application software;
      - (3) Computer operating systems and related software:
      - (4) Computer networks;
      - (5) Microprocessors (computer chips) not part of any computer system; or
      - (6) Any other computerized or electronic equipment or components; or
    - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

- B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
  - In a Covered Cause of Loss under the Boiler and Machinery Coverage Part, the Commercial Crime Coverage Part or the Commercial Inland Marine Coverage Part; or
  - 2. Under the Commercial Property Coverage Part:
    - a. In a "Specified Cause of Loss", in elevator collision resulting from mechanical breakdown, or from theft (if insured) under the Causes of Loss - Special Form; or
    - b. In a Covered Cause of Loss under the Causes of Loss – Basic Form or the Causes of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, theft, or a Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

**POLICYHOLDER NOTICES** 



## IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.

### To Our Valued Customer,

Each year, homeowners and business owners across the nation sustain significant weather-related property damage due to floods. These can include losses caused by waves, tidal waters, the overflow of a body of water, the rapid accumulation or runoff of surface water, and mudslide. In nearly all cases, these flood losses cannot be prevented or even anticipated. And, in many instances, the losses are devastating.

Most standard property insurance policies, including most of our policies, do <u>not</u> provide coverage for flood losses. While flood coverage is often available – primarily through the <u>National Flood Insurance Program</u> – it is rarely purchased. Unfortunately, each year we find that some policyholders are surprised and disappointed to learn that damages they have suffered as a direct result of flood are not covered under the policies they have purchased.

Please review your insurance coverage with your agent or Company representative. As you consider the need for flood insurance, keep in mind that floods can, and do, occur in locations all over the country. They are not limited to coastal areas or locations with nearby rivers or streams. Several inches of rain falling over a short period of time can cause flood damage, even in normally dry areas that are not prone to flooding.

For further information about Flood Insurance, contact your agent or company representative, or contact the National Flood Insurance Program directly.

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FILED IN MY OFFICE DISTRICT COURT CLERK 9/8/2017 9:59:07 AM James A. Noel Catherine Chavez

STATE OF NEW MEXICO COUNTY OF BERNALILLO SECOND JUDICIAL DISTRICT COURT

HB CONSTRUCTION, INC.,

Case D-202-CV-2017-06415

Plaintiff,

vs.

TRAVELERS PROPERTY CASUALTY COMPANY,

Defendant.

### **ARBITRATION CERTIFICATION**

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Plaintiff, by and through counsel, McCoy Leavitt Laskey LLC (Brook Laskey and Daniel Hill) pursuant to Second Judicial District Local Rule LR2-603, certifies as follows:

- [] Court annexed arbitration is not necessary because the Complaint is being filed for the sole purpose of obtaining court approval of a minor settlement.
- [] Plaintiffs seek a money judgment and the amount sought does not exceed twenty-five thousand dollars (\$25,000) exclusive for punitive damages, interest, costs and attorney's fees.
- [X] Plaintiffs seek relief other than a money judgment and/or seeks relief in excess of twenty-five thousand dollars (\$25,000), exclusive of punitive damages, interest, costs and attorney's fees.

Respectfully submitted,

McCOY LEAVITT LASKEY LLC



By\_\_\_\_\_

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